



The President's Daily Brief

15 May 1970

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PRINCIPAL DEVELOPMENTS

The Libyan Government and US oil companies appear to be on a collision course in negotiations over oil prices. (Page 1)

In London, two polls show a dramatic swing to Labor. This may be all that is needed to persuade Prime Minister Wilson to call national elections for next month. (Page 2)

President Balaguer meanwhile still looks like the winner in tomorrow's election in the Dominican Republic, although the opposition may be gaining. (Page 3)

The Communists have brought the capital of the Cambodian border province of Stung Treng under heavy attack. (Page 5)

President Hilu's problem of keeping the fedayeen in southern Lebanon under control has been compounded by the entry of a mixed force of Syrian Army regulars and commandos. (Page 5)

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LIBYA

The government and the US oil companies appear to be on a collision course on Libyan oil prices. The Libyans are demanding a 79-cent increase in the posted price (now \$2.23) per barrel of crude oil.

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Negotiations began early this month with two of the leading producers, Esso and Occidental, but by 10 May the government broke off talks with Occidental, threatening to take unspecified unilateral action. Negotiations with Esso are continuing, although Esso has not yet made any concession to the government's demands. In the meantime, the government has taken a threatening line on other petroleum matters; six companies have been warned they must commence work within 30 days on inactive concessions.

Neither our embassy in Tripoli nor the companies are taking the tough Libyan negotiating position lightly. Although there may be a bargaining element in the Libyans' stiff initial terms, the Americans fear the Libyans might actually impose some form of production control or even resort to nationalization. They fear the government might take unilateral action against one company--such as Occidental, with which Libya has a history of disputes--before settling down to serious negotiations.

Although the companies previously have argued successfully against increased price demands, they are now indicating that some of them might be able to absorb up to a 20-cent increase. But on present form, this hardly seems enough to satisfy Libya's new rulers. Moreover, previous resistance by the companies may have damaged their credibility to the point where the inexperienced Libyans will be tempted to press for unattainable price increases in order to score a political victory. In that event, both sides may find it very difficult to extricate themselves from their dilemma without precipitate and irreversible actions.

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UNITED KINGDOM

Prime Minister Wilson seems almost certain to call national elections for next month. A Gallup poll published Wednesday showed Labor leading the Conservatives by 7.5 percent. This is a spectacular swing from the 4.5 percent lead the Tories enjoyed just three weeks ago. It puts Labor's popularity at about the same level as it was at the time of the 1966 elections. In addition to the Gallup findings, the well-regarded National Opinion Poll has just given Labor a 3.2 percent edge. Defense Minister Healey recently told our embassy that if both polls showed Labor with a lead of 3 percent or more, the pressure on Wilson for June elections would be "almost irresistible."

The Tories had been braced for a swing toward Labor in this week's polls, but not one of these proportions. It has, no doubt, had a devastating effect on their morale. The rapidity of Labor's recovery in recent weeks astonished even its top leaders, with the possible exception of Wilson himself.

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DOMINICAN REPUBLIC

President Balaguer remains the front runner in the election tomorrow, although the opposition is picking up strength. Increased activity by the four opposition candidates, especially Vice-President Lora and former general Wessin y Wessin, contrasts with their earlier desultory efforts and could result in last-minute shifts by voters.

Violence continues to mar the closing days of the campaign. Three more deaths were reported on Wednesday in the capital, and student disorders and shooting incidents are a daily occurrence in the major cities. The Communists will continue their terrorist activities on election day, but heavy patrols will guard polling places and should be able to prevent major disorders.

Balaguer needs only a plurality to win, and the probable split of the opposition vote between Lora and Wessin should ensure his re-election.

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COLOMBIA

Yesterday the Colombian Government rescinded the curfew imposed almost a month ago in the aftermath of the elections. The government's candidate, Misael Pastrana, is assured of victory by a slim margin in the official counting--carefully scrutinized by representatives of all parties, factions, and candidates. Former dictator Rojas Pinilla and his disgruntled followers were unable to overturn the results with their early charges of fraud, and the riots and turmoil they unleashed were quickly and firmly put down. Some of Rojas Pinilla's lieutenants are in prison, and the government has stationed guards around his home in Bogota. Although the security forces deny that he is under house arrest, he has remained indoors.

Pastrana will be declared "President-elect" on or about the first of June, and his inauguration will be on Independence Day--7 August. His first problem probably will be the organization of congress. He lacks three votes for control of the 118-member senate and 15 votes for control of the 210-member house.

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NOTES

Cambodia: The provincial capital of the northern border province of Stung Treng is under heavy Communist attack, according to intercepts from the local Cambodian commander there. Kompong Cham may also soon come under attack, while in the south the Communists still have Takeo town surrounded. The town is being resupplied by air. The government has confirmed that the coastal resort town of Kep has been occupied by several hundred Communists. On the plus side, [redacted] as of last Monday, the road from Kompong Som (Siha-noukville) to Phnom Penh had been reopened; fuel supplies were moving to the capital in sufficient quantity.

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Arab States - Israel: Fedayeen groups in the Mount Hermon area rocketed Israeli border settlements yesterday, only 12 hours after the Israeli withdrawal from southern Lebanon. More fedayeen from other parts of Lebanon are moving into the area, and as if President Hili did not have his hands filled trying to keep them under control, he now has to deal with some unwelcome Syrian troops. A mixed force of between 2,000 and 3,000 Syrian Army elements and Syrian-backed Saiqa commandos crossed into southern Lebanon yesterday. If Hili sets the army against the Syrians, he risks provoking a severe national crisis, but if he allows them to remain, the Israelis will find added excuse to hit Lebanon hard again.

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